GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Development of Machilipatnam Port – Extension of Government Guarantee for raising of loan of Rs.1092 crores from the Public Sector Banks/Financial Institutions towards land acquisition, rail connectivity and other developmental activities of Machilipatnam Deep Water Port and setting of Integrated Logistics & Manufacturing Zone (ILMZ) by Container Corporation of India (CONCOR) at Machilipatnam - Orders – Issued - Cancelled.

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ENERGY, INFRASTRUCTURE & INVESTMENT (PORTS.I) DEPARTMENT

G.O.Ms.No.19 Dated 22-06-2018.

Read the following:

1. From the VC&MD, INCAP, Tadepalli, Guntur Dist.
   Letter No.INCAP/AP/Machilipatnam DWP/24/2017,
   dated 11-12-2017.
2. G.O.Ms.No.09, E, I&I (Ports.I) Dept., dated 08-05-2018.
3. From the VC&MD, INCAP, Tadepalli, Guntur Dist.
   Letter No.INCAP/AP/Machilipatnam DWP/24/2017,
   dated 01-06-2018.
4. Letter No.Rc.39/MUDA/Admn/Govt.lands/2018, dated 06-06-2018
   from the VC, MUDA

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ORDER

In the G.O. 2nd read above, Government have approved the proposal of the CMD, INCAP, Vijayawada towards extending Government Guarantee for raising of loan for an amount of Rs.1092 crores from the Public sector Banks/Financial Institutions towards land acquisition, rail connectivity and other developmental activities of Machilipatnam Deep Water Port and setting of ILMZ by CONCOR at Machilipatnam.

2. In the Letter 3rd read above, the CMD, INCAP has stated that during the discussions, the Vijaya Bank had expressed its apprehensions about the capacity of the proposed borrower (INCAP) to repay the loan and expressed their inability to fund this project owing to certain reasons. Stating the above, the CMD, INCAP has requested the Government to raise the referred loan from MUDA for land acquisition and other developmental activities of Machilipatnam Deep water Port and setting up of ILMZ by the CONCOR at Machilipatnam.

3. In the letter 4th read above, the VC, MUDA has reported that the repayment of the loan and interest can be apportioned from the earnings of the Department of Ports with a budgetary provision for the same when the loan was being raised through INCAP. On similar lines, necessary arrangement and routing has to be placed for MUDA, to channelize the cashflows from Department of Ports to MUDA towards repayment of loan., and hence requested the Government to accord approval to MUDA as facilitator for land acquisition and allied infrastructure developments for the Deep Water Port Area & Allied developments, and extend Government Guarantee for raising the loan from Banks/financial institutions. He has also requested to issue necessary orders for transfer of all Government lands specified, to the MUDA, pending finalization of alienation for asset based development in generating the Revenue for raising of the loan and to meet major capital investments in SPV mode.

4. Since, the lands required for development of the port(Around 3200 acres) has already been handed over to Director of Ports, AP, Kakinada, which cannot be transferred now to MUDA. Further, The Andhra Pradesh Metropolitan Regions and Urban Development Authorities Act, 2016 empowers MUDA to promote and facilitate developments with the Machilipatnam Development Area and for this purpose the Urban Development Authority can own an asset, sell, lease, trade,

develop, pay for a service and can raise a loan on its own. Since, MUDA is the one facilitating the land assemblage for both Port and Industrial Corridor, which would be the prime drivers of growth in the region, and the Deep Water Port development and allied industrial activities are required to be undertaken on top priority, MA&UD Dept was requested to take necessary action in the matter.

5. Government after careful examination of the above matter here by decided to cancel the orders issued in the G.O.2nd read above so that the MA&UD Department will go ahead for taking necessary action towards raising the loan for land, rail connectivity and other developmental activities of Machilipatnam Deep Water Port and setting of ILMZ by CONCOR at Machilipatnam.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJAY JAIN
PRINCIPAL SECRETARY TO GOVERNMENT

To
The MA&UD Department
The CMD, INCAP, Vijayawada
The VC, MUDA, Machilipatnam
Copy to:
The CONCOR
GA (Cabinet) Dept.,
The Finance Department
PS to Prl.Secy to C.M.,
PS to Prl.Secy to E, I&I Dept.,
SF/SC (W.r.t.C.No.18022/60/2017-Ports.I)

// FORWARDED :: BY ORDER //

SECTION OFFICER